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During our meeting last week, you expressed interest in several issues relating to CMRS interconnection. This letter responds to those inquiries. BellSouth has been negotiating with CMRS providers which interconnect with its network for many years. This process, performed on a state-wide basis with the entire CMRS industry, is complex and normally encompasses a divergent set of interests. Nevertheless, BellSouth, like other local exchange carriers routinely negotiates interconnection arrangements, usually without requiring the intervention of regulatory bodies. Where agreements have not been reached, state regulators have been available to resolve disputes. As you know, this process has been codified in the Telecommunications Act of 1996 which gives the state public service commissions the authority to arbitrate interconnection arrangements if and when parties cannot reach agreement.

Does BellSouth Telecommunications provide volume discounts? Does it plan to, and if not, why not?

BellSouth Telecommunications does not currently have any volume sensitive interconnection usage rates with CMRS service providers. When this issue has been raised in negotiations, generally the larger carriers have favored discounts, while the smaller carriers strongly oppose them. As a result, volume discounts applicable to CMRS interconnection usage rates have never been implemented by BellSouth Telecommunications, and it has no plans to pursue volume discounts with CMRS operators.

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Does BellSouth Telecommunications provide time-of-day discounts? Does it plan to, and if not, why not?

Generally, CMRS carriers have not favored time-of-day discounts. Florida has on-peak and off-peak usage rates which are remnants of landline local service rate elements but this issue has never been raised as an item for negotiation by the CMRS industry. BellSouth Telecommunications does not have any other time-of-day sensitive interconnection rates with CMRS carriers. BellSouth has no plans to pursue time-of-day discounts due to lack of interest by the CMRS industry.

What types of issues are typically negotiated with CMRS providers?

CMRS interconnection negotiations involve a myriad of complex issues. BellSouth's negotiations are held on a state-wide basis with the CMRS industry. As noted, they usually involve many divergent interests, even among the various CMRS providers. In addition, the range of issues negotiated vary by state as determined by the various parties involved and what is important to them in that state. BellSouth will consider any issue which a wireless carrier brings to the table. Generally the overall focus of negotiations for wireless providers is to secure lower rates. As in any negotiation, concessions are frequently made on some issues to gain on others. Over time, routines have evolved which have reduced the time necessary to negotiate an agreement. The following list covers some, but not all of the issues that have surfaced in CMRS interconnection negotiations:

Single state-wide contract concept -- Whether to hold more individualized LEC/CMRS negotiations, or to include all CMRS providers in a single negotiation process.

Usage rate -- The rate level which is applied to minutes of use.

Reciprocal compensation -- Whether and at what level each carrier would compensate the other for the termination of calls.

Collocation -- What type of CMRS equipment could be placed on telephone company owned facilities and property and the conditions under which that could occur.

Volume discounts -- Variations in the usage rate based on the amount of traffic received from a CMRS provider.

Number charges -- Rates for the use or assignment of numbers to be used by a CMRS provider.

What impact would the application of "bill and keep" have on negotiations and CMRS interconnection?

Generally, CMRS interconnection usage rates cover transport and termination of calls from the CMRS provider's point of presence to the call's termination point (except where separate facility charges are involved). Since a portion of the overall usage rate would be eliminated by bill and keep, its application would require creation of a new overall usage rate structure and re-negotiation of that overall rate with all CMRS providers in all nine BellSouth states. In addition, the new interconnection agreements would need to be submitted to the state commissions for approval. Once approved, BellSouth would have to establish billing systems and convert all business operations with the CMRS carriers to support the new agreements. These changes also would very likely render negotiations considerably more time consuming and costly than they are today. Moreover, some carriers, such as those utilizing a significant amount of wide-area transport (i.e. intrastate toll access) and a tandem level interconnection as their primary network interface, could experience no reduction in their overall per minute usage charges under bill and keep, but would still go through this time consuming and costly process of overhauling existing interconnection agreements.

If you have further questions about any of the issues described above, I would be more than happy to discuss them.

Sincerely Yours,



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Vice President- Executive and Federal Regulatory Affairs

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